



Advisory Actions . . .

Department of General Services
Office of Public School Construction

February 2000
Issue 00 - 02

Premier Issue



The Office of Public School Construction (OPSC) has changed the Advisory Letter format from letter style to this colorful mailer format.

You will continue to receive all the information regarding recent board actions as before and it will be available on the OPSC Web site at:

www.dgs.ca.gov/opsc

We encourage you to share this mailer with your board members and superintendents. My staff and I welcome any comments or questions regarding this new look.

Sincerely,

Luisa M. Park
Interim Executive Officer,
Office of Public School Construction

School Facility Program Grants

The State Allocation Board (SAB) approved an adjustment in the School Facility Program (SFP) grants as provided by law based on the change in the Class B Construction Cost Index from January, 1999 to January, 2000. The change represented an increase in the grant amounts of 4.58 percent and shall apply to all SFP applications approved for funding on or after January 1, 2000. All applications presented to the SAB for funding approval on this agenda included this adjustment. The OPSC is in the process of adjusting the "unfunded" list for modernization projects.

Annual adjustment to School Facility Grant amount

New Construction - elementary	\$5,480
New Construction - middle	\$5,796
New Construction - high	\$7,587
Modernization - elementary	\$2,367
Modernization - middle	\$2,504
Modernization - high	\$3,278

SFP Priority Points

In accordance with provisions of Assembly Bill 562, the SAB addressed the issue regarding the implementation of priority points for new construction projects. Education Section 17072.25 requires the SAB to implement a priority point mechanism when all SFP applications ready for funding exceed the funds available for that purpose. Further, the SFP regulations provide that when this priority point mechanism is in effect, the SAB shall approve new construction projects based on the highest number of priority points assigned to each project.

Since all SFP applications ready for funding, including the modernization projects on the "unfunded" list, exceed available funding, the SAB is required to implement this priority point mechanism, even though the funding available for new construction projects still exceeds the new construction projects ready for apportionment. The SAB had sufficient funds to allocate to all new construction funding requests, therefore, it approved all new construction funding applications, regardless of priority points, but directed the OPSC to develop regulations that address the SAB's authority to approve applications under these circumstances.

The OPSC has developed proposals to address this issue which will be discussed by the SAB Implementation Committee on February 11, 2000. It is anticipated that proposed regulations regarding this issue will be presented to the SAB for consideration of approval at the meeting scheduled for February or March 2000.

Regulation Changes for New Legislation

The SAB adopted proposed amendments to the regulations that administer the SFP as a result of new legislation that became effective January 1, 2000. The SAB adopted these regulations and authorized the OPSC to begin the regulatory process with the Office of Administrative Law. It is anticipated that these regulations will become effective sometime in May 2000.

Please note that these proposed regulations did not address the issue of priority points or the issue of loading and funding for special day class (SDC) pupils. In addition to the priority point issue, the OPSC has developed proposed regulations regarding the loading and funding for SDC pupils which will also be discussed by the SAB Implementation Committee on February 11, 2000. It is anticipated that regulations regarding SDC pupils will be presented to the SAB for consideration of approval no later than March 2000.

Prop 1A - Status of Funds

The balances available from Proposition 1A funds until July 2000 are approximately \$310 million for new construction, \$8 million for modernization, \$141 million for hardship, and \$242 million for class size reduction. There is approximately \$52 million remaining in prior bond funds in the Lease-Purchase Program (LPP) to address ongoing project costs, bid approvals, and the Northridge Earthquake Program.

On January 26, 2000 the SAB apportioned approximately \$83 million for the SFP projects, \$2 million for LPP projects, and \$6 million for Deferred Maintenance Program critical hardship projects.

Program	Funds Available as of 12/8/99	Apportionments	Balance Available
Proposition 1A			
New Construction	\$369.2	\$59.8	\$309.4
Modernization	7.4	.3	7.7
Hardship	163.2	21.8	141.4
Class Size Reduction	244.1	2.5	241.6
SUBTOTAL	\$783.9	\$83.8	\$700.1
Priority Bond Funds			
Contingency Reserves	\$47.2	\$5.0	\$52.2
Northridge Earthquake	1.8	-0-	1.8
SUBTOTAL	\$49.0	\$5.0	\$54.0
GRAND TOTAL	\$832.9	\$78.8	\$754.1

Developer Fee Adjustments

The SAB approved an adjustment in the developer fees, effective January 26, 2000, pursuant to Government Code Section 65995(b)(3) which provides that the maximum developer fee be adjusted every two years by the change in the Class B Construction Cost Index. The residential maximum fee increased from \$1.93 to \$2.05 and the commercial/industrial maximum fee increased from \$.31 to \$.33.

Lease Purchase Program Construction Cost Index for January 2000	
B	1.37
D	1.38
F & E	1.37
HSI	6.21

Revised CSR Spending Plan

The SAB approved a revised Class Size Reduction (CSR) spending plan that excluded funding for replacement of displaced facilities. The SAB also transferred approximately \$2.4 million to the California Department of Education (CDE) to fund certain districts eligible for CSR funds. For specific information regarding CSR programs, please contact Fred Yeager, Consultant with the CDE, at (916) 327-7148.

Cost Containment Guidelines

The OPSC has contracted with Vanir Construction Management to develop cost containment guidelines as required by Senate Bill 50. The OPSC and Vanir have developed an aggressive schedule to complete the cost containment guidelines for presentation at the March 2000 SAB meeting.

SFP grants on leased land

The OPSC will develop and present an item for future SAB consideration on how to process and administer this type of application.

Copies of the applicable SAB actions can be found on the OPSC Web site at www.opsc.dgs.ca.gov. Should you have questions or need any additional information regarding the contents of this letter, please contact your project manager.

